

The Mayor's Fund to Advance New York City

(a component unit of the City of New York)
Financial Report and Supplementary Information
(in accordance with Government Auditing Standards
and Federal Single Audit Act)
June 30, 2019

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
The Mayor's Fund to Advance New York City

Report on the Financial Statements

We have audited the accompanying financial statements of The Mayor's Fund to Advance New York City (the Fund), a component unit of the City of New York, which comprise the statement of net position as of June 30, 2019, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2019, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2019, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

RSM US LLP

New York, New York
October 17, 2019

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Management's Discussion and Analysis (Unaudited)

This section of The Mayor's Fund to Advance New York City's (the Fund) annual financial report presents our discussion and analysis of the Fund's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the Fund's financial statements and accompanying notes.

Overview of the Financial Statements

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Fund follows enterprise fund reporting; therefore, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents the financial position of the Fund as of June 30, 2019. It provides information about the nature and the amount of resources (assets), plus deferred outflows (as applicable), obligations (liabilities), plus deferred inflows (as applicable) and net position.

The statement of revenue, expenses and changes in net position presents the change in net position over the course of the year ended June 30, 2019. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

The statement of cash flows presents the cash activities segregated by four major cash flow categories; operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement may be useful in determining the changes in liquidity and in understanding how cash and cash equivalents were used during the year ended June 30, 2019.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Highlights

The Mayor's Fund works closely with many New York City (The City) agencies to support and strengthen innovative public programs serving The City's residents. Each initiative undertaken by the Mayor's Fund is unique. Some initiatives are one-year pilot programs while others are multi-year projects. Thus, annual contributions and expenses are not directly correlated and expect to fluctuate from year to year depending on which year contributions are received and program expenses are incurred. Highlights of 2018-19 initiatives enhanced through private support include:

The Center for Youth Employment (the Center) is a joint collaboration of the Mayor's Fund, business leaders, philanthropy, and several City agencies and offices. The Center's mission is to better engage local employers in youth workforce programming, and to facilitate greater coordination and strategic thinking between the public and private groups already supporting college-and-career-readiness activities. Since its launch in 2015, the Center has helped grow the overall number of City-supported jobs, internships, and related opportunities for youth from approximately 62,000 in FY2015 to over 109,000 in FY2018—exceeding its original goal of 100,000 slots per year across all programs two years ahead of schedule. Within that overall figure, the Center has helped increase the number of summer jobs reserved for high-need young New Yorkers in the foster care, shelter, or juvenile justice systems from 1,000 to over 4,000. Working with its partners in the public, private, philanthropic and provider sectors, earlier this year the Center launched CareerReady NYC, a comprehensive effort to more closely link K-12 education, career exploration and work readiness, and postsecondary education and training.

The Connections to Care (C2C) program, a \$30 million five year public-private partnership, uses federal Social Innovation Fund (SIF) and private funds to test the integration of mental health support at community-based organizations (CBOs) serving low-income and at-risk populations. Through C2C, Mental Health Providers (MHPs) train staff at CBOs to use evidence-based mental health skills – such as

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Management's Discussion and Analysis (Unaudited)

screenings for common mental health and substance use disorders and mental health first aid. Between March 2016 and June 2019, providers trained over 1,681 staff and reached 34,793 program participants with C2C skills. The Mayor's Fund also supports an ongoing evaluation tracking the implementation of C2C and the impact of the program on those who receive services. In FY19, the RAND Corporation, the evaluator, released an interim implementation report, demonstrating that program delivery is on track. During FY19, and with the beginning of the fourth year of program implementation, public funding for program providers shifted from the Mayor's Fund to DOHMH, due to the elimination of the SIF at the federal level. C2C-related revenue and spending will decline in FY20 and FY21; expenses will largely include evaluation and oversight costs and some privately funded support to participating CBOs.

In FY19, the Fund and New York City Health + Hospitals launched Arts in Medicine to foster the emotional well-being of patients, families, employees, and the greater H+H community and to improve the healthcare experience by integrating the arts and humanities throughout the New York City Health + Hospitals system. When frontline staff in healthcare are overworked and burnt out, patients experience negative outcomes that, when multiplied, can lead to larger community disengagement with the healthcare system. Arts in Medicine brings New York City Health + Hospitals patients, families, employees, and communities together through the arts, arts programs, and education for enrichment.

In FY18, the Fund, the Department of Consumer Affairs Office of Financial Empowerment, and the Mayor's Office for People with Disabilities launched EmpoweredNYC to strengthen the financial health of New Yorkers with disabilities. EmpoweredNYC uses broad engagement and education, revolutionized one-on-one financial counseling, and specialized support services for people transitioning to work in order to advance financial capability and counseling for people with disabilities and their families. In FY19, the Mayor's Fund worked with its program partners to begin planning to expand The City's work on Empowered Cities, the nationwide initiative.

The Fund launched the New York City Soccer Initiative, a \$3 million, five-year partnership with Adidas, New York City Football Club, U.S. Soccer Foundation, and Etihad Airways to revamp under-resourced public spaces into areas that promote physical health, youth development, and community engagement through soccer. Over the course of five years, the New York City Soccer Initiative is building, maintaining, and programming 50 mini soccer pitches in underserved neighborhoods across the five boroughs. Each calendar year, the Mayor's Fund and its partners are expected to complete ten fields across the five boroughs. Thus far, the Mayor's Fund and its project partners have completed a build-out of 28 pitches, and are on track to complete 30 by the end of this year.

At June 30, 2019, the Fund's total net position increased by approximately \$1,164,600, or 18.09%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2019, total contributions and grants were approximately \$29.25 million, an increase of about \$7.9 million, or 37.08%, from fiscal year 2018.
- In fiscal year 2019, total expenses were approximately \$29.28 million, an increase of approximately \$8.52 million, or 41.07%, from the previous year.

**The Mayor's Fund to Advance New York City
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Management's Discussion and Analysis (Unaudited)

Financial Analysis of the Fund

Net position: The following table summarizes the net position at June 30:

	2019	2018	Percentage Change
Total assets	\$ 18,970,962	\$ 20,506,473	-7.49%
Total liabilities	(3,246,972)	(5,947,091)	-45.40%
Net position	<u>\$ 15,723,990</u>	<u>\$ 14,559,382</u>	8.00%
Net position:			
Restricted expendable	\$ 14,650,819	\$ 14,574,495	9.30%
Unrestricted	1,073,171	(15,113)	(140.07)%
Total	<u>\$ 15,723,990</u>	<u>\$ 14,559,382</u>	6.57%

Operating activities: The Fund receives contributions for programs that benefit The City. Grant revenue is earned when the Fund has complied with the terms and conditions of the grant agreements.

The following table summarizes the activities of the Fund for fiscal years ended June 30, 2019 and 2018:

	2019	2018	Percentage Change
Contributions and grants	<u>\$ 29,250,633</u>	<u>\$ 21,338,841</u>	37.08%
Operating expenses:			
Program services	28,334,657	19,719,286	43.69%
Management and general	394,711	432,812	-8.80%
Fund-raising	548,594	602,132	-8.89%
Total operating expenses	<u>29,277,962</u>	<u>20,754,230</u>	41.07%
Operating (loss) income	(27,329)	584,611	-104.67%
Non-operating revenue	1,191,937	401,632	196.77%
Change in net position	<u>\$ 1,164,608</u>	<u>\$ 986,243</u>	18.09%

**The Mayor's Fund to Advance New York City
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Management's Discussion and Analysis (Unaudited)

General Outlook

The Fund will continue to raise and accept contributions in support of public programs addressing the needs and general welfare of New Yorkers. This may include building partnerships and sharing best practices with local, state and federal stakeholders. To achieve its goals, the Fund is reliant on the generosity of individuals, foundations and corporations, which play a crucial role in making The City safer, healthier, and an even more vibrant and dynamic place to live and work.

Contacting the Fund's Financial Management

The financial report is designed to provide donors with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the grants and contributions that it receives. If you have questions about this report, or need additional financial information, contact the Fund at 253 Broadway, 6th Floor, New York, NY 10007.

The Mayor's Fund to Advance New York City
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Statement of Net Position
June 30, 2019

Assets

Current assets:

Cash	\$ 3,449,161
Contributions and grants receivable, net	3,611,835
Investments	11,901,751
Prepaid expenses	8,215

Total assets \$ 18,970,962

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 3,136,972
Contributions and grants received in advance	110,000

Total liabilities \$ 3,246,972

Net position (deficit):

Restricted expendable	\$ 14,650,819
Unrestricted	<u>1,073,171</u>

Total net position \$ 15,723,990

See notes to financial statements.

The Mayor's Fund to Advance New York City
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Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2019

Operating activities:	
Support and revenue:	
Contributions and grants:	
Unrestricted	\$ 1,678,249
Restricted	<u>27,572,384</u>
Total operating support and revenue	<u>29,250,633</u>
Operating expenses:	
Program services	28,334,657
Management and general	394,711
Fund-raising	<u>548,594</u>
Total operating expenses	<u>29,277,962</u>
 Surplus of operating support and revenue over expenses	 <u>(27,329)</u>
Nonoperating revenue:	
City of New York contract	699,999
Investment gain	222,417
Interest income	<u>269,521</u>
Total nonoperating revenue	<u>1,191,937</u>
 Change in net position	 1,164,608
Net position:	
Beginning	<u>14,559,382</u>
Ending	<u>\$ 15,723,990</u>

See notes to financial statements.

The Mayor's Fund to Advance New York City
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Statement of Cash Flows

Year Ended June 30, 2019

Cash flows from operating activities:	
Receipts from contributions and grants	\$ 21,720,204
Payments to vendors and grantees	(16,845,783)
Payments for salaries and related costs	(4,850,456)
Other payments	<u>(295,355)</u>
Net cash used in operating activities	<u>(271,390)</u>
Cash flows provided by noncapital financing activities:	
Receipts from City of New York contract	<u>699,999</u>
Net cash used in noncapital financing activities	<u>699,999</u>
Cash flows from investing activities:	
Proceeds from sale of investments	1,004,852
Interest income	<u>269,521</u>
Net cash provided by investing activities	<u>1,274,373</u>
Net change in cash	1,702,982
Cash:	
Beginning	<u>1,746,179</u>
Ending	<u>\$ 3,449,161</u>
Reconciliation of surplus of operating support and revenue over expenses to net cash provided by operating activities:	
Surplus of operating support and revenue over expenses	\$ (27,329)
Adjustments to reconcile surplus of operating support and revenue over expenses to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Decrease in contributions and grants receivable	2,460,518
(Increase) in prepaid expenses	(4,460)
(Decrease) in accounts payable and accrued expenses	(2,810,119)
Increase in deferred revenue	<u>110,000</u>
Net cash used in operating activities	<u>\$ (271,390)</u>

See notes to financial statements.

The Mayor's Fund to Advance New York City (a component unit of the City of New York)

Notes to Financial Statements

Note 1. The Fund

The Mayor's Fund to Advance New York City (the Fund) is a not-for-profit organization established to support innovative initiatives of the New York City's (The City) agencies, such as the Departments of Parks and Recreation, Consumer Affairs, Health and Mental Hygiene, Youth and Community Development, and Cultural Affairs. The Fund is dedicated to creating partnerships between The City and the private sector in an effort to enhance public programs and improve the quality of life for The City's residents. The Fund is a component unit of The City, and the Mayor of The City appoints all of its board members.

The Fund was initially incorporated under the name New York City Public Private Initiatives, Inc., in June 1994, under the New York State Not-for-Profit Corporations Law. The Fund adopted the current name in July 2003. The Fund is considered a public charity and, as such, is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

Note 2. Summary of Significant Accounting Policies

Accounting and reporting standards: These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by Governmental Accounting Standards Board (GASB) codification section 2100, which establishes standards for defining and reporting on a financial reporting entity.

The GASB defines the basic financial statements of a business-type activity as the statement of net position, statement of revenue, expenses and changes in net position, and the statement of cash flows. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenue and expenses are classified as either operating or nonoperating activities in the statement of revenue, expenses and changes in net position. Operating activities are those that support the mission and purpose of the Fund. Nonoperating activities represent transactions that are capital, investing, legislative in nature.

The GASB requires that resources be classified into three categories of net position. Net position represents the residual interest in the Fund's assets plus deferred outflows (as applicable) of resources after liabilities plus deferred inflows (as applicable) of resources are deducted and consist of: net investment in capital assets, restricted, and unrestricted, as follows:

Net investment in capital assets: At June 30, 2019, the Fund did not maintain any net investment in capital assets.

Restricted: Restricted net position represents the portion of net position subject to externally imposed stipulations by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provision or enabling legislation.

Unrestricted: Unrestricted net position represents the portion of net position that is not included in the net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors. The Fund's unrestricted net position includes contributions received for the Civic Innovation Program, as they are permitted to be used for the general purposes of the Fund. A deficit will require future funding.

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of accounting: The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP. Under the accrual basis, revenue is recognized when earned and expenses are recognized when obligations are incurred or when benefits are received.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash: The Fund maintains cash in accounts in financial institutions which, at times, exceed federally insured limits. The Fund has not experienced any losses on these accounts to date. Cash at June 30, 2019 is held by one financial institution. Please see Note 9 for additional disclosure regarding custodial credit risk.

Investments: Investments are generally reported at fair value. The Fund uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

The Fund's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions and grants receivable, net: The Fund provides allowance for uncollectible receivables based on management's best estimate of uncollectible amounts at year-end, considering type, age, collection history and any other factors considered appropriate. The Fund wrote off \$278,500 of receivables deemed uncollectible during the year ended June 30, 2019. As of June 30, 2019, the Fund established an allowance for uncollectible receivables in the amount of \$107,801.

Prepaid expenses: Payments made for expenses relating to events or projects that have not occurred as of the end of the fiscal year are considered prepaid expenses.

Revenue recognition: GASB requires revenue recognition based on Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This standard requires all eligibility requirements to be met before recognizing voluntary nonexchange revenue transactions. Eligibility requirements comprise one or more of the following:

- a. Required characteristics of recipients - the recipient has the characteristics specified by the provider.
- b. Time requirements - time requirements specified by the provider have been met. For example, the time period when the resources are required to be used has begun.
- c. Reimbursements - the provider offers resources on a reimbursement basis and the recipient has incurred allowable costs.
- d. Contingencies - the provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Purpose restrictions do not affect when a nonexchange transaction is recognized. Resources received with purpose restrictions are recognized as revenue and reported in restricted net position balance by the Fund until the resources are used for the specified purpose. In most cases, the Fund reserves the right to transfer funds that are in excess of a specific program's needs to a different program of the Fund.

Revenue from federal grants and The City contract is recognized when all applicable eligibility requirements—required characteristics of recipient, time requirements, reimbursements, and contingencies—are met.

The Fund seeks in-kind support from various sources in support of its projects. In-kind contributions are reported as operating revenue and expenses in the accompanying statement of revenue, expenses and changes in net position at their estimated fair value at the date of donation. In-kind contributions recorded in the financial statements for the year ended June 30, 2019 were \$265,485 for rent, facilities and other, \$154,275 for legal and other professional services and \$9,525,000 for a donation of reusable water bottles be distributed to City public school students, respectively. The Fund also receives donated items for the benefit of certain City agencies and The City itself. Such items that are not retained by the Fund have not been reflected in the financial statements.

Nonoperating revenue: The Fund includes in its definition of operations all revenue and expenses that are an integral part of its programs and supporting activities. Revenue from The City contract, net change in fair value of investments (investment income) and interest income are recognized as nonoperating revenue.

Functional expenses: The costs of providing the various programs and other activities of the Fund have been summarized in the statement of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated to the programs and supporting services benefitted.

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income taxes: The Fund is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Fund is subject to unrelated business income tax (UBIT), if applicable. For the year ended June 30, 2019, the Fund did not owe any UBIT. Management evaluated the Fund's income tax positions and concluded that the Fund had taken no uncertain income tax positions that require adjustments or disclosure to the accompanying financial statements.

Subsequent events: The Fund evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 17, 2019 for these financial statements.

Note 3. Investments

As of June 30, 2019, the Fund had the following investments:

Mutual funds:

Short and intermediate duration bond fund	<u>\$ 11,901,751</u>
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All of the Fund's investments at June 30, 2019 were Level 1 in the fair value hierarchy. There were no transfers between levels during the year ended June 30, 2019.

Credit risk: The Fund's investment policy is designed to protect principal and minimize exposure to credit risk by limiting investments to certain types of assets that are backed or fully collateralized by the United States government, certificates of deposit and corporate debt obligations. The short duration bond fund is not rated by credit agencies.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are in the possession of an outside party. Mutual funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of credit risk: The Fund should provide information about the concentration of credit risk associated with its investments by disclosing, by amount and issuer, investments in any one issuer that represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment is a short duration bond fund with average maturities of a year and a half and therefore there is limited exposure to fair value losses arising from increasing interest rates.

Note 4. Contributions and Grants Receivable

Contributions and grants receivable are due to be collected within one year or less.

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Notes to Financial Statements

Note 5. Restricted Expendable Net Position

Restricted expendable net position represents resources provided by donors to fund various projects undertaken for the benefit of and on behalf of The City. The following table summarize support received from donors and expenditures made for such projects for the year ended June 30:

	Restricted Expendable Net Position Balance at June 30, 2018	Contributions and Grants	Program Services	Interfund Transfers ⁽²⁾	Restricted Expendable Net Position Balance at June 30, 2019
Unrestricted	\$ -	\$ -	\$ (12,500)	\$ (12,500)	\$ -
Building Healthy Communities	626,833	934,500	341,871	-	1,219,462
Center for Economic Opportunity	755,128	-	576,494	-	178,634
Childrens Cabinet	152,601	281,520	248,689	-	185,432
Commission for Economic Opportunity	138,936	-	368	-	138,568
Center for Innovation Thru Data Intelligence	83,236	205,390	90,880	-	197,746
Civilian Complaint Review Board	-	7,500	5,875	-	1,625
Commission on Gender Equity	10,744	-	-	-	10,744
Connections to Care	554,252	5,238,263	4,697,575	-	1,094,940
Connections to Care Expenses Disallowance	-	8,750	8,750	-	-
Creative Communications Conference	-	10,000	9,972	-	28
DCAS/Historic Preservation	4,908	4,999	5,101	-	4,806
Department of Consumer Affairs	1,082,241	855,750	587,892	-	1,350,099
Department of Corrections	-	40,305	-	-	40,305
Department of Cultural Affairs	183,641	30,250	44,878	-	169,013
Department of Design & Construction	24,793	-	14,967	-	9,826
Department of Education	3,410	-	-	-	3,410
Department of Environmental Protection	118,353	24,100	74,046	-	68,407
Department of Homeless Services	103,979	42,500	47,601	-	98,878
Department of Housing Pres and Dev	835,357	-	13,650	-	821,707
Department of Information Technology	1	-	1	-	-
Department of Mental Health	267,607	190,000	375,000	-	82,607
Department of Parks and Recreation	11,071	-	-	-	11,071
Department of Probation	285,345	487,020	273,424	-	498,941
Department of Records & Information Services	1,105	-	-	-	1,105
Department of Transportation	226,560	52,485	34,439	-	244,606
Department of Youth & Comm Dev	1,712,854	1,709,006	2,136,339	(5,000)	1,280,521
Expanding Broadband In NYC	9,421	-	6,347	-	3,074
Food Justice Fund	536	-	-	-	536
Food Policy	340,000	-	3,997	-	336,003
Gender Conference	-	5,000	5,000	-	-
Health and Hospitals	-	512,200	512,200	-	-
Health and Human Services	232,500	570,000	483,000	-	319,500
Human Resources Administration	175,000	-	175,000	-	-
Human Rights Commission	865	2,090	1,740	-	1,215
Mayor's Office of Chief Tech	50,000	186,000	97,350	90,208	228,858
Mayor's Office of Data Analytics	23,794	-	14,052	-	9,742
NYS Economic Dev Corp	373,250	-	-	-	373,250
NYC Housing Authority	25,000	-	-	-	25,000
NYC Service	440,734	1,729,333	1,801,342	-	368,725
NYC Soccer Initiative	330,259	945,000	595,223	-	680,036
Office For People With Disabilities	684,307	490,649	716,651	(31,736)	426,569
Office of Criminal Justice	3,146	827,500	-	-	830,646
Office of Emergency Management	33,796	12,374	10,000	-	36,170
Office of Environmental Remediation	9,300	-	9,000	-	300
Office of Film Theatre Broadcasting	21,710	-	-	-	21,710
Office of Immigrant Affairs	821,457	339,168	952,586	-	208,039
Office of Media & Entertainment	-	7,500	7,500	-	-
Office of Spec Projects & Comm Events	-	411,621	438,691	49,236	22,166
Office of Sustainability	703,500	9,525,000	9,851,035	-	377,465
Office of Tech & Innovation	90,208	-	-	(90,208)	-
Office of Veterans Affairs	127,069	16,381	17,442	-	126,008
Office of Workforce Development	-	364,485	159,526	-	204,959
Office to Combat Dom Violence	168,476	826,220	612,806	-	381,890
Public Design Commission	122,265	61,033	15,218	-	168,080
Relief Efforts	146,818	91,329	102,327	-	135,820
Running Initiative	-	179,025	75,405	-	103,620
Small Business Services	877,196	80,500	37,650	-	920,046
Strategic Policy Initiatives	-	22,738	-	-	22,738
Women's Soccer Parade	148,984	-	-	-	148,984
Young Men's Initiative	181,584	5,000	-	-	186,584
Center For Youth Employment	1,250,365	239,900	1,111,859	-	378,406
Allowance for Doubtful Accounts	-	-	107,801	-	(107,801)
Total	\$ 14,574,495	\$ 27,572,384	\$ 27,496,060	\$ -	\$ 14,650,819

(1) Direct program expenses shown above include direct personnel service/consultant costs of \$3,970,228. Such amount is reported as personnel services costs in Note 8.

(2) Interfund transfers represent authorized transfers between projects or from unrestricted net position. The \$12,500 transfer reflects a transfer in from the unrestricted net position.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 6. City of New York Contract

The Fund renewed its contract agreement with The City to perform private fund-raising and other related services for the benefit of The City. The contract provides for reimbursement of certain operating expenses stipulated within the contract. The contract allows the Fund to retain up to 8% of all restricted contributions to offset reimbursable expenses. This retainage must be approved by the donor. This retainage may be waived for program use at the discretion of the Fund and the authorizing Deputy Mayor.

The contract also stipulates that The City provide the Fund with administrative office space, and office furniture and equipment. The cost of such facilities may be paid by the Fund from the retainage of contributions or it may be treated as an in-kind contribution if retainage is not available. In fiscal year 2019, the Fund elected to treat the use of facilities as an in-kind contribution. The in-kind contribution was \$265,485 for the year ended June 30, 2019, which is considered to be the fair value of such rent, facilities and other (see Note 2 for additional discussion on in-kind contributions).

Note 7. Revenue Concentrations

Revenue from federal grant awards accounted for approximately 9% of the total contributions and grants for the year ended June 30, 2019. One non-federal donor accounted for approximately 10% of total contributions and grants for the year ended June 30, 2019. Amounts due from various federal grant awards for reimbursable expenses incurred by the Fund represent approximately 24% of the contributions and grants receivable at June 30, 2019. Two non-federal donors account for approximately 34% of the Fund's contributions and grants receivable at June 30, 2019.

Note 8. Operating Expenses

Expenses as shown in the accompanying statement of revenue, expenses and changes in net position consisted of the following:

	Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 3,887,895	\$ 144,467	\$ 361,310	\$ 4,393,672
Payroll taxes and other employee benefits	500,242	42,147	105,410	647,799
Total personnel services	4,388,137	186,614	466,720	5,041,471
Direct program expenses - grants	23,525,832	-	-	23,525,832
Accountant	11,880	2,970	-	14,850
Audit and tax preparation fees	-	65,619	-	65,619
In-kind rent	146,017	79,646	39,822	265,485
In-kind professional	84,851	38,569	30,855	154,275
Insurance	8,147	4,387	-	12,534
Bad debt expense	107,801	-	-	107,801
Other expenses	61,992	16,906	11,197	90,095
	<u>\$ 28,334,657</u>	<u>\$ 394,711</u>	<u>\$ 548,594</u>	<u>\$ 29,277,962</u>

Salaries above includes consultants related to project implementation and evaluation, which represents 53% of the total amount.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 9. Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to the entity. The Fund does not have a deposit policy for custodial credit risk.

Of the Fund's total cash held by one financial institution at June 30, 2019, \$3,199,161 was uninsured and uncollateralized.

Note 10. Contingencies

Certain grants recognized as revenue by the Fund are subject to continued compliance with donor-imposed restrictions and conditions. In the event of noncompliance, a donor may cancel its grant agreement and may require the Fund to return any unspent amount on the grants. In addition, certain grants and contracts are subject to independent audit by the awarding agency or funding source. Such audit could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

Management is of the opinion that such events, if any, would not have a material impact on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such contingency.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Number Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Corporation for National and Community Service: Social Innovation Fund/Connections to Care	94.019	N/A	\$ 1,380,414	\$ 1,245,411
Pass-Through New York State Office of Children and Family Services: Civic Corps (AmeriCorps)	94.006	C027686	<u>1,164,123</u>	<u>1,164,123</u>
Total Corporation for National and Community Service			<u>2,544,537</u>	<u>2,409,534</u>
U.S. Department of Justice: Crime Victim Assistance/Discretionary Grants	16.582	N/A	<u>434,894</u>	<u>312,097</u>
Total U.S. Department of Justice			<u>434,894</u>	<u>312,097</u>
Total expenditures of federal awards			<u>\$ 2,979,431</u>	<u>\$ 2,721,631</u>

See notes to schedule of expenditures of federal awards.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Fund under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (2 CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Fund, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Fund.

Note 2. Summary of Significant Accounting Policies

Expenditures recognized on the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles contained in 2 CFR Part 230, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The Fund has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Reconciliation to the financial statements

As of June 30, 2019, management has identified that certain eligible federal award costs in the amount of \$78,014 for CFDA No. 16.582 Crime Victim Assistance/Discretionary Grants have been included in the 2019 Schedule that should have been reported in the prior year Schedule.

**Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

To the Board of Directors
The Mayor's Fund to Advance New York City

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Mayor's Fund to Advance New York City (the Fund), a component unit of the City of New York, which comprise the statement of net position as of June 30, 2019, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Fund's Response to Findings

The Fund's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

New York, New York
October 17, 2019

**Report on Compliance for Each Major Federal Program and on
Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Directors
The Mayor's Fund to Advance New York City

Report on Compliance for the Major Federal Program

We have audited The Mayor's Fund to Advance New York City's (the Fund), a component unit of the City of New York, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fund's major federal programs for the year ended June 30, 2019. The Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fund's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Fund's compliance.

Opinion on the Major Federal Program

In our opinion, the Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Fund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fund's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

New York, New York
October 17, 2019

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major program:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major program:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

 yes X no

Identification of major programs:

CFDA Number(s)

94.019
16.582

Name of Federal Program or Cluster

Social Innovation/Connections to Care
Crime Victim Assistance/Discretionary Grants

Dollar threshold used to distinguish between type A and type B programs:

 \$750,000

Auditee qualified as low-risk auditee?

 yes X no

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section II - Financial Statement Findings

A. Internal Control Findings

2019-001 Material Weakness

Criteria: Government Accounting Standards Board requires revenue recognition based on Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33). This standard requires all eligibility requirements to be met before recognizing voluntary nonexchange revenue transactions. Eligibility requirements comprise one or more of the following:

- a. Required characteristics of recipients. The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider.
- b. Time requirements. Time requirements specified by enabling legislation or the provide have been met.
- c. Reimbursements. The provider offers resources on a reimbursement (expenditure-driven) basis and the recipient has incurred allowable costs under the applicablle program.
- d. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Condition: Several errors were identified during the audit resulting in adjustments booked by management to decrease accounts receivable by \$405,000, increase deferred revenue by \$110,000 and decrease revenue by approximately \$515,000. Additionally, we observed that the Fund did not have an allowance for uncollectible receivables even though certain balances had been deemed uncollectible by management. This resulted in the write off of old receivables in the amount of \$278,500 and the establishment of an allowance for uncollectible receivables in the amount of \$107,800.

Cause: Management records revenue during the year on a cash basis and performs an analysis at year-end to convert to the accrual basis of accounting. As such, there is no continuous analysis of the various grants and contributions to determine when revenue recognition should occur based on GASB 33.

Effect or Potential Effect: This can result in an inaccurate amount reported in the financial statements.

Recommendation: We recommend that management review the guidance in GASB 33 for revenue recognition. Further, we recommend that an analysis of each grant agreement, contract or donation be performed to determine if all eligibility requirements (including time requirements) have been met. When all requirements have been met, the revenue and receivable, if applicable, should be recognized. We recommend that management evaluate outstanding receivables on a periodic basis.

View of Responsible Officials and Planned Corrective Action: Management recognizes and agrees with the findings and recommendations cited above.

B. Compliance Findings

No matters to report.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section III - Federal Award Findings and Questioned Costs

A. Internal Control

No matters to report.

B. Compliance Findings

No matters to report.

Summary Update of Prior Audit Findings
For The Year End 2018

Identifying Number 2018 – 001

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Bill de Blasio
Mayor, City of New York

Chirlane McCray
Chair, Board of Directors

Rob Speyer
Chair, Board of Advisors

Toya Williford
Executive Director

Audit Finding:

It was determined the prior year financial statements ending June 30, 2017 were understated by \$472,777 and \$1,000,007 of revenue and expenses respectively. The cut-off time of these transactions are directly related to their proper fiscal year recording.

Additionally, a duplicate recording of accounts receivable transactions resulted in an overstatement of accounts receivable and revenue by \$140,000. Management also recognized \$485,000 in FY 2018 that should not have been recognized until FY 2019. Adjusting entries were recorded by management to properly reflect FY 2018 accounts receivable.

Corrective Action Plan:

Management continues to review the guidance in GASB 33 for revenue recognition. A more detailed analysis of each grant agreement, contract or donation continues as we determine if all eligibility requirements are met. Management will also engage our auditor when complex grant agreements require additional guidance.

Management has also required agencies and subrecipients to maintain separate records of the activity related to the use of the Fund's grant funds. These records are requested and reconciled on a quarterly basis.



Chris A. Kelsaw
Director of Finance and Operations

Date: 10/15/19